

Message Text

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ACTION AGRE-00

INFO OCT-01 EUR-12 ISO-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-01 H-02 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 ICA-20 SP-02 SOE-02 OMB-01
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TO USMISSION GENEVA PRIORITY
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AMEMBASSY HELSINKI

UNCLAS STOCKHOLM 2900

USMTN FOR PAUL DREISEK

STATE PASS USDA

E.O. 11652: N/A
TAGS: MTN ETRD
SUBJECT: FINNISH OFFER ON CANNED FRUIT

1. AS REQUESTED BY PAUL DREISEK, US MTN DELEGATION,
AND IN ABSENCE OF AGATTACHE WHO WAS OUT OF COUNTRY,
GERALD ENCKELL OF AGATTACHE OFFICE PHONED PULLINEN,
FINNISH MINISTRY OF FOREIGN AFFAIRS FOR DETAILED
INFORMATION FINNISH OFFER ON CANNED PEACHES AND
CANNED MIXED FRUIT, AND EXTENDED SUGAR ADDED EXCISE TAX.
FOLLOWING IS SUMMARY OF INFORMATION RECEIVED.

2. FINNISH PRELIMINARY OFFER ON REF FOODS IS ACCORDING
TO SWISS FORMULA, CO-EFFICIENT 16. OFFER CAN BE INCREASED
OR DECREASED CONSIDERING US OFFER ON CHEESE, WHICH IS
NOT YET SATISFACTORY. FINNISH CONCESSION CONSIDERED
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BETTER THAN US OFFER. MINISTRIES OF FINANCE AND
AGRICULTURE SAID TO BE AGAINST OFFER MADE BY MINISTRY
OF FOREIGN AFFAIRS. US OFFER ON VODKA IS SATISFACTORY.

3. SOUTH AFRICA, ISRAEL AND THE PHILIPPINES WOULD
ALSO BENEFIT FROM FINNISH OFFER AS THEY ARE LARGE
EXPORTERS TO FINLAND OF CANNED FRUIT BUT THESE

COUNTRIES HAVE NOT YET OFFERED ANY CONCESSIONS TO FINLAND, SO US WOULD HAVE TO CARRY THE ENTIRE RECIPROCAL BURDEN. PULLINEN ASKED IF US DELEGATION COULD INFLUENCE THE THREE COUNTRIES TO SUBMIT OFFERS. FINLAND WILLING TO SUBMIT THE LISTS ALREADY GIVEN THE THREE COUNTRIES TO US DELEGATION ON UNOFFICIAL BASIS. FINLAND MIGHT BE WILLING TO DISCUSS REVISED OFFER WHERE THE CUSTOMS DUTY IS LOWERED ONLY PART OF THE YEAR, CORRESPONDING TO US HARVEST (BUT LESS VALUABLE TO OTHER COUNTRIES).

4. BECAUSE OF THE GREAT DIFFERENCE BETWEEN WORLD MARKET PRICE AND DOMESTIC PRICE ON SUGAR, PRESENTLY FMK 1.85 PER KILOGRAM, FINNISH FRUIT CANNING INDUSTRY AND HOUSEWIVES MUST PAY MUCH HIGHER SUGAR PRICES THAN THOSE COUNTRIES EXPORTING CANNED FRUIT IN SYRUP TO FINLAND. FINLAND WILL THEREFORE AT BEGINNING OF AUGUST EXTEND PRESENT SUGAR ADDED EXCISE TAX TO CANNED FRUIT PRODUCTS. IN FIRST CONTACT WITH PULLINEN HE SAID EXCISE TAX IS NOT NEGOTIABLE, BUT AT SECOND CONTACT SAID FINLAND MIGHT BE WILLING TO DO AWAY WITH THE TAX FOR CANNED FRUIT PRODUCTS NOT GROWN IN FINLAND. STILL OFFICIALLY NOT NEGOTIABLE, THIS MATTER CAN BE TAKEN UP AS PART OF SOLUTION. FINLAND HAS WORKED OUT STANDARD RECEIPE FOR CANNED FRUIT, WHICH WILL BE SAME AS FOR JUICE, 60 PERCENT. UNCLASSIFIED

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WHEN ENCKELL SAID SUGAR CONTENT SEEMS TOO HIGH, PULLINEN CONSULTED INDUSTRY AND OTHERS AND AT SECOND CONTACT CONCEDED ENCKELL'S OPINION. PULLINEN WOULD NOW LIKE TO HAVE FACTS ON SUGAR CONTENT, I.E. GRAMS SUGAR PER 100 GRAM OF SYRUP, FRUIT EXCLUDED, GIVEN AS PERCENTAGE VALUE. FIGURES MUST BE OFFICIALLY CERTIFIED. EXCISE TAX WILL BE REVISED ANNUALLY OR WHEN DIFFERENCE EXCEEDS 10 PERCENT.

5. A PROBLEM IS THAT PULLINEN WILL NOT BE IN GENEVA UNTIL SEPTEMBER, WHILE SUGAR ADDED EXCISE TAX WILL BE INSTITUTED AT BEGINNING OF AUGUST. KENNEDY-MINOTT

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